

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

In re:)	Case No. 11-30201
)	
MICHELLE KATHLEEN EMMONS,)	Chapter 7
)	
Debtor.)	Judge Humphrey
)	
_____)	

MOTION TO DETERMINE EXCESSIVENESS OF ATTORNEY FEES
PURSUANT TO 11 U.S.C. § 329(b)

The Office of the United States Trustee ("UST") hereby moves this Court for an Order determining that attorney Diana Khouri ("Khouri") requested attorney fees in this case are unreasonably excessive pursuant to 11 U.S.C. § 329(b). A Memorandum of Points and Authorities is attached hereto and incorporated herein.

Dated: April 7, 2011

DANIEL M. MCDERMOTT
UNITED STATES TRUSTEE FOR REGION 9

/s/ MaryAnne Wilsbacher
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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

The UST's objection is made pursuant to § 329. The UST asserts that the fees requested by Khouri are not reasonable compensation for the services rendered in this case.

II. SUMMARY OF FACTS

Debtor, Michelle Kathleen Emmons ("Debtor"), filed a Chapter 7 bankruptcy on January 18, 2011. Debtor had retained Khouri to represent her in the bankruptcy proceedings via the internet website www.usbankruptcygroup.com.¹ The Debtor is to pay Khouri \$1,199 for representation in her bankruptcy proceedings.² The UST has reason to believe that Debtor had no personal contact with Khouri and the UST also has reason to believe any consultations were conducted either by telephone, regular mail, fax, or e-mail. Debtor stated at the 341(a) meeting that she did not sign the petition and schedules in the presence of Khouri, rather, Debtor reviewed the schedules at her home and mailed the signature pages to Khouri. Further, Khouri failed to attend the meeting of creditors with the Debtor.

III. LEGAL ANALYSIS

11 U.S.C. § 329(b) allows the bankruptcy court to review fee arrangements and fees received by bankruptcy practitioners in bankruptcy cases. Section 329(b) provides that if, "such compensation exceeds the reasonable value of any such services, the court may cancel any such agreement, or order the return of any such payment, to the extent excessive to...the entity that made such payment." Section 329(b)'s examination is considered under a "reasonableness" standard. Thus, any payment or agreement considered pursuant to § 329(b) is valid only to the

¹ A review of the website www.usbankruptcygroup.com shows that the information disclosed therein is decidedly general. No attorney names are disclosed but legal advice is offered, prospective clients are encouraged to call a toll-free number "24/7" for a "consultation," no street addresses are disclosed for offices, and no mailing addresses are disclosed. Further, a "hot button" on the main site page offers a form to be filled out for a free consultation by "California Licensed Bankruptcy Lawyers."

² The Rule 2016(b) Statement shows that Debtor, at the time of filing, owed a \$1,199 legal fee. According to sworn testimony at the 341(a) meeting, Debtor stated that she paid \$899 in one lump sum. It is unknown whether Debtor paid any additional monies. Debtor appears to be of the impression that she owes no further legal fees. The Statement of Financial Affairs at paragraph 9 indicates no fees for bankruptcy or debt counseling having been paid.

extent it is deemed “reasonable” by the court. What constitutes a “reasonable” fee or fee agreement is a question of fact to be determined by the particular factual circumstances of each case.³

In this case, Debtor retained Khouri with anticipation of certain representation including Khouri’s attendance at the Debtor’s 341(a) meeting of creditors. Instead, Khouri failed to appear. Khouri’s actions in this case were limited to actions which would have been undertaken by a bankruptcy petition preparer and Khouri’s compensation should be equally limited.

IV. CONCLUSION

In summary, Debtor in the subject filing did not receive the representation from Khouri contemplated by the contract for legal services.

WHEREFORE, the UST requests that, pursuant to 11 U.S.C. § 329(b), Khouri’s fee be disgorged and returned to the Debtor in an amount justly contemplated by this Honorable Court and for such punitive recompense that this Honorable Court deems appropriate.

Dated: April 7, 2011

DANIEL M. MCDERMOTT
UNITED STATES TRUSTEE FOR REGION 9

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³ See, *In re Diamond Mortgage Corp. of Illinois*, 135 B.R. 78 (Bankr. N.D. Ill. 1990); *In re Wittman Eng’g & Mfg. Co. Inc.*, 66 B.R. 488 (Bankr. N.D. Ill. 1986); *In re Buchanan*, 66 F.2d 416 (2d Cir.), cert denied, 290 U.S. 682, 54 S.Ct. 120, 78 L.Ed. 588 (1933).

CERTIFICATE OF SERVICE

I hereby certify that on April 7, 2011, a copy of the foregoing MOTION TO DETERMINE EXCESSIVENESS OF ATTORNEY FEES PURSUANT TO 11 U.S.C. § 329(b) was served on the following registered ECF participants, electronically through the court's ECF System at the email address registered with the court:

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And on the following by ordinary U.S. Mail addressed to:

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